

CITY OF MINDEN, LOUISIANA
PRIMARY GOVERNMENT FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/27/11

CITY OF MINDEN, LOUISIANA
Annual Financial Report
As of and for the Year Ended September 30, 2010

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INDEPENDENT AUDITORS' REPORT

The Honorable Bill Robertson, Mayor,
and the Members of the Board of Aldermen
City of Minden, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minden, Louisiana, as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Minden, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Minden, Employee Benefit Plan & Trust, which represent 86.26% and 100%, respectively of the assets and net assets of the fiduciary funds. Those financial statements for this fiduciary fund were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Minden, Employee Benefit Plan & Trust Fund is based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the amount of assets, liabilities, net assets, revenues and expenses of the aggregate discretely presented component units that would have been reported is unknown.

In our opinion, because of the omission of the discretely presented component units, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of the City of Minden, Louisiana, as of September 30, 2010, or the changes in financial position thereof the year then ended.

In addition, in our opinion based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minden, Louisiana, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 2, 2011, on our consideration of the City of Minden, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, infrastructure information, and schedule of funding progress for other post employment benefits on pages 4-12 and 53-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Minden, Louisiana's financial statements as a whole. The combining and individual nonmajor fund financial statements on pages 59-63 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The

accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the accompanying schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Jameson, Wise & Martin

Minden, Louisiana

March 2, 2011



Bill Robertson, Mayor
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Minden, Louisiana's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2010. Please read it in conjunction with the City's financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

- The City's net assets decreased by .14 percent as a result of this year's operations. The total net assets of the City decreased by \$86 thousand, from \$60.3 million to \$60.2 million.
- During the year, the City had total revenues of \$29.4 million compared to \$27.2 million last year, an increase of 8.2 percent.
- Total expenses for the year were \$29.5 million, compared to \$26.1 million in the prior year, an increase of 12.9 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 14-15) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 14. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net assets* and changes in them. You can think of the City's net assets—the difference between assets and liabilities—as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one

Ava H. Morgan
City Clerk - Treasurer

George W. Rolfe, Jr.
Public Works Director

Charles Minifield
City Attorney

Joe Cornelius, Sr.
Councilman - District A

Fayrine A. Kennon-Gilbert
Councilwoman - District B

Magaline Quarles
Councilwoman - District C

Tommy Davis
Councilman - District D

Benny Gray
Councilman - District E



indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including the police, fire, public works, parks and recreation, sanitation and health, highway and streets, and general administration. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer, and electrical systems are reported here.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 16. The fund financial statements begin on page 16 and provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes other funds to show that it is meeting legal responsibilities for using certain taxes, grants and other money (sales taxes restricted for specific use). All of the funds of the City of Minden can be divided into three categories: governmental, proprietary, and fiduciary funds.

- **Governmental funds** – Most of the City's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.
- **Proprietary funds** – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's *enterprise funds* (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The City as Trustee

The City is the trustee, or fiduciary, for the Police Bond Fund and the Pension Benefit Trust Fund. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page

24. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for its intended purpose.

THE CITY AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Minden, assets exceed liabilities by \$60,181,485 at the close of the most recent fiscal year.

The largest portion of the City of Minden's net assets totaling approximately \$41.5 million (69%) reflects its investment in capital assets (e.g. land, buildings, streets, drainage, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The City of Minden uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Minden's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

For the year ended September 30, 2010, net assets changed as follows:

City of Minden's Net Assets						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 9,271,166	\$ 11,215,342	\$ 14,376,030	\$ 13,872,328	\$ 23,647,196	\$ 25,087,670
Capital assets	<u>21,420,614</u>	<u>18,534,851</u>	<u>23,161,040</u>	<u>23,243,828</u>	<u>44,581,654</u>	<u>41,778,679</u>
Total assets	<u>30,691,780</u>	<u>29,750,193</u>	<u>37,537,070</u>	<u>37,116,156</u>	<u>68,228,850</u>	<u>66,866,349</u>
Current and other liabilities	1,022,759	574,146	1,125,820	885,184	2,148,579	1,459,330
Long-term liabilities	<u>4,650,525</u>	<u>4,161,632</u>	<u>1,248,261</u>	<u>977,959</u>	<u>5,898,786</u>	<u>5,139,591</u>
Total liabilities	<u>5,673,284</u>	<u>4,735,778</u>	<u>2,374,081</u>	<u>1,863,143</u>	<u>8,047,365</u>	<u>6,598,921</u>
Net assets:						
Invested in capital assets, net of related debt	18,308,695	15,224,169	23,161,040	23,243,828	41,469,735	38,467,997
Restricted	2,969,269	3,083,838	393,244	378,008	3,362,513	3,461,846
Unrestricted	<u>3,740,532</u>	<u>6,706,408</u>	<u>11,608,705</u>	<u>11,631,177</u>	<u>15,349,237</u>	<u>18,337,585</u>
Total net assets	<u>\$ 25,018,496</u>	<u>\$ 25,014,415</u>	<u>\$ 35,162,989</u>	<u>\$ 35,253,013</u>	<u>\$ 60,181,485</u>	<u>\$ 60,267,428</u>

The City reported positive balances in net assets for both governmental and business-type activities.

Governmental Activities – Net Assets

For the current year, the net assets of the City's governmental activities increased by \$4,081.

The restricted net assets of the governmental activities represent the portion of net assets which is not available to finance the day to day operations. The use of restricted assets is subject to constraints established by a voter approved city ordinance. Restricted net assets decreased by \$114,569 to a total of \$2.97 million which is available to finance specific funding for sewer and recreational activities.

Business-type Activities – Net Assets

The unrestricted net assets of the City's business type activities decreased by .19% or \$22,472. Last year the unrestricted net assets had decreased by 9.5% or \$1.2 million.

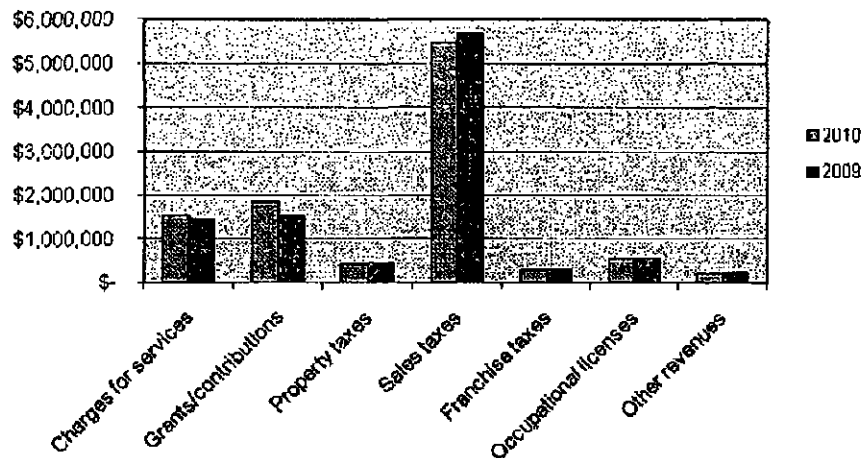
City of Minden's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 1,525,001	\$ 1,440,989	\$ 18,442,614	\$ 16,190,457	\$ 19,967,615	\$ 17,631,446
Operating grants/contributions	544,971	301,423	12,228	-	557,199	301,423
Capital grants/contributions	1,314,798	1,231,405	236,200	330,293	1,550,998	1,561,698
General revenues						
Property taxes	443,280	451,832	-	-	443,280	451,832
Sales taxes	5,450,989	5,647,275	-	-	5,450,989	5,647,275
Franchise taxes	294,985	299,237	-	859	294,985	300,096
Occupational licenses	539,262	555,106	-	-	539,262	555,106
Other general revenues	214,192	237,675	404,377	496,546	618,569	734,221
Total revenues	<u>10,327,478</u>	<u>10,164,942</u>	<u>19,095,419</u>	<u>17,018,155</u>	<u>29,422,897</u>	<u>27,183,097</u>
Program expenses						
General government	3,318,500	2,832,526	-	-	3,318,500	2,832,526
Public safety	4,063,682	3,547,701	-	-	4,063,682	3,547,701
Highway and streets	1,424,080	1,366,744	-	-	1,424,080	1,366,744
Sanitation and health	1,084,344	1,046,306	-	-	1,084,344	1,046,306
Parks and recreation	1,871,629	1,745,314	-	-	1,871,629	1,745,314
Public works	384,806	367,153	-	-	384,806	367,153
Interest on long-term debt	159,442	165,688	-	-	159,442	165,688
Water	-	-	1,672,525	1,624,108	1,672,525	1,624,108
Sewer	-	-	1,513,731	1,409,438	1,513,731	1,409,438
Electric	-	-	12,799,360	10,884,259	12,799,360	10,884,259
Other	-	-	1,216,741	1,143,852	1,216,741	1,143,852
Total expenses	<u>12,306,483</u>	<u>11,071,432</u>	<u>17,202,357</u>	<u>15,061,657</u>	<u>29,508,840</u>	<u>26,133,089</u>
Excess (deficiency) before transfers	(1,979,005)	(906,490)	1,893,062	1,956,498	(85,943)	1,050,008
Transfers	1,983,086	3,344,557	(1,983,086)	(3,344,557)	-	-
Change in net assets	4,081	2,438,067	(90,024)	(1,388,059)	(85,943)	1,050,008
Net assets, beginning of year	<u>25,014,415</u>	<u>22,576,348</u>	<u>35,253,013</u>	<u>36,641,072</u>	<u>60,267,428</u>	<u>59,217,420</u>
Net assets, end of year	<u>\$ 25,018,496</u>	<u>\$ 25,014,415</u>	<u>\$ 35,162,989</u>	<u>\$ 35,253,013</u>	<u>\$ 60,181,485</u>	<u>\$ 60,267,428</u>

The City's total revenues increased compared to last year's by \$2.24 million. Likewise, the City's program and service costs increased by \$3.38 million. Of this total, \$1.24 million of the increase occurred within the governmental type activities and \$2.14 million occurred within the business type activities.

Governmental Activities

Comparison of current year and prior year governmental activity revenues

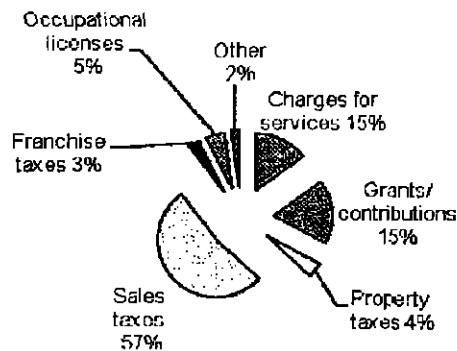


The total revenues for governmental activities increased \$162,536 for this fiscal year. This overall increase is attributed to the program revenues, which include charges for services and program-specific grants. However, the \$410,953 increase in program revenues was offset by a decrease in general revenues of \$248,417.

This fiscal year, the City earned all of two grants awarded by the Federal Aviation Administration and the State of Louisiana to cover the costs of the City's airport land acquisition project. The grants totaled \$805,744 and \$42,408, respectively.

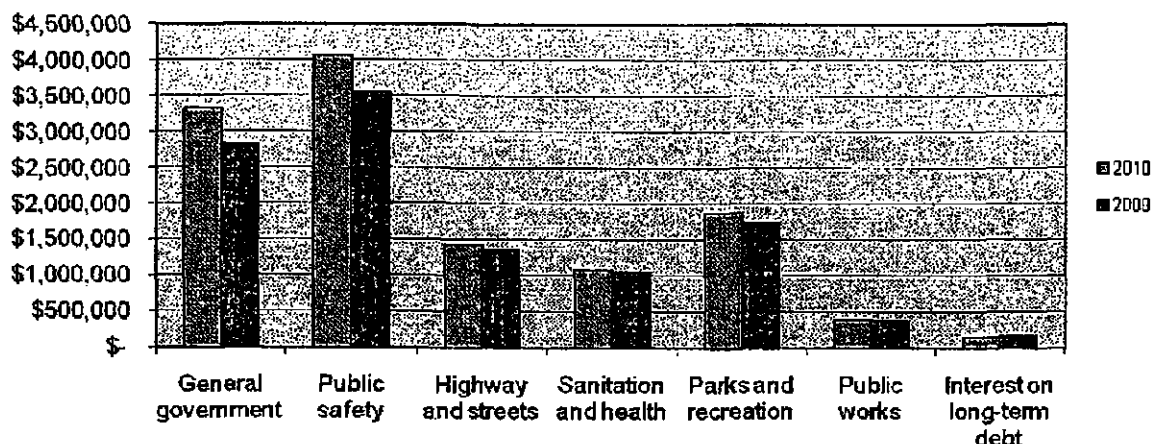
The City's governmental activities rely heavily on sales tax. Sales taxes account for \$5.5 million out of the City's \$10.3 million governmental revenues. The following chart displays the various types of governmental revenues and their respective percentage of total governmental revenues received as of September 30, 2010:

2010 Governmental Revenues



The chart below compares program expenses of the current year to the prior year. The City's largest program expenses during the current year were public safety and general government, which are 33% and 27% of the total governmental type program expense in the current year, respectively.

GOVERNMENTAL ACTIVITIES - PROGRAM EXPENSES



Effective with the fiscal year ended September 30, 2009, the City of Minden implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting for Post Employment Benefits Other than Pensions (GASB 45)*. During the fiscal year ended September 30, 2009, the City recognized \$604,839 of estimated cost related to the City's plan which provides post employment benefits to retirees. The City recognized an additional \$533,315 during the year ended September 30, 2010.

Public safety includes the expenses incurred within both the police and fire department. During 2010, public safety costs increased to \$4.1 million, over last year's cost of \$3.5 million.

Business-type activities

Total revenues received from charges for services increased from \$16.2 million to \$18.4 million. Billings for usage for water, sewer and electricity increased by \$2,252,157.

The cost of business-type activities increased by \$2.14 million or 14.2% over last year's cost of \$15.06 million. The costs of operating the electric department are 74% of the overall business type costs, which is an increase of the prior year's 72%.

The City was able to transfer funds from the business-type activities to the governmental activities to assist in the day-to cost of operations. The money is available due to the excess of revenues received over the cost of operating the City's utility system. The City transferred approximately \$1.98 million to the governmental activities during the fiscal year.

THE CITY'S FUNDS

Governmental funds – The focus of the City of Minden's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the City of Minden's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

As the City completed the year, its governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$8,165,291, a decrease of \$2,279,722 in comparison with the prior fiscal year. Of this amount, \$7,964,812 or 98% was unreserved indicating availability for continuing City service requirements. A total of \$200,479 has been reserved to pay debt service.

Proprietary funds – The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

A total of \$3,043,262 was transferred from the utility fund to the general fund to assist funding of governmental activities. The amount transferred decreased by \$300,000 as compared to the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the City Council amended the general fund budget one time on September 7, 2010. The amendment included four separate changes.

The first amendment to the General Fund budget was to reflect additional costs, sales, grant revenues and a transfer from the Sales Tax Fund. The additional costs totaled to \$712,390, and the additional sales, grant revenues and transfer were \$40,000, \$59,746, and \$612,644, respectfully. The second amendment to the budget was to account for additional costs incurred for group insurance and a corresponding transfer from the Utility Fund of \$260,945. The third amendment reflected additional costs incurred for a street project at the recreation complex and a corresponding transfer from the Sales Tax – Sewerage Fund of \$175,000. Finally, the last the amendment to the General Fund budget was to account for additional revenues from a sidewalk grant in the amount of \$221,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of September 30, 2010, the City had \$44,581,654 invested in capital assets including police and fire equipment, buildings, park facilities, water, sewer and electric lines. This amount represents a net increase of \$2,802,975, over last year. The increase was mainly due to the completion of the Historic Downtown Sidewalk Improvements and construction in progress related to the City Hall/Police Department renovations.

**City of Minden's Capital Assets at Year-end
(Net of Depreciation)**

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Totals</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 799,547	\$ 799,547	\$ 332,065	\$ 332,065	\$ 1,131,612	\$ 1,131,612
Construction in progress	4,021,399	2,464,018	755,335	448,354	4,776,734	2,912,372
Building and improvements	8,431,572	8,737,051	6,951,686	6,657,615	15,383,258	15,394,666
Land improvements other than buildings	3,387,331	1,713,211	12,966,723	13,527,661	16,354,054	15,240,872
Equipment	1,913,232	1,831,718	2,155,231	2,278,133	4,068,463	4,109,851
Infrastructure	<u>2,867,533</u>	<u>2,989,306</u>	<u>-</u>	<u>-</u>	<u>2,867,533</u>	<u>2,989,306</u>
Totals	<u>\$ 21,420,614</u>	<u>\$ 18,534,851</u>	<u>\$ 23,161,040</u>	<u>\$ 23,243,828</u>	<u>\$ 44,581,654</u>	<u>\$ 41,778,679</u>

Major construction projects undertaken by the City include the following:

	Costs incurred during <u>09/30/2010</u>	Completed cost <u>of project</u>	Total donation/grant <u>award</u>
Historic Downtown Sidewalk Improvements	\$ 42,887	\$ 1,387,423	\$ 939,608*
Airport land acquisition	613,244	Not completed	\$ 871,882*
Airport Automated Weather System	235,983	Not completed	\$ 230,718*
Airport DOTD Sealcoat Program	100,126	100,126	\$ 100,000*
Airport Phase II	47,950	Not completed	\$ 242,000*
Water playgrounds	54,212	258,282	
Fair Barn	58,377	Not completed	\$ 25,000*
Upgrade to computer software and hardware	72,073	Not completed	
City Hall/Police Department renovations	2,180,958	Not completed	
Electrical – 2 nd tie line	5,140	Not completed	
Hwy 531, Electric Line Extension between Hwy 79 & 80	-	37,151	
Replace transformers at Steam Plant	-	223,063	
Water Plant Standby Generator	343,897	353,633	\$ 236,200*
Water Plant Service Entrance Upgrade	63,342	86,306	
Water Plant Storage Tank / Rehab Project	230,849	Not completed	
Sewer Main improvements (2009-2010)	<u>389,940</u>	<u>Not completed</u>	\$ 250,000*
	<u>\$ 4,438,978</u>	<u>\$ 2,445,984</u>	

* The City was awarded federal and state grants to reimburse all or a portion of the cost of the projects as expenses are incurred.

Only bridges owned by the City are capitalized as infrastructure. The City has elected to report its system of streets under the modified approach. Neither their historical cost nor related depreciation has been reported in the financial statements. There were no significant changes in the assessed condition of infrastructure assets eligible under the modified approach. The current assessed

condition of roads is comparative with the condition level the City has established.

Debt

At year-end, the City had \$3,065,000 in debt as compared to \$3,265,000 last year.

	Governmental Activities		Business-type Activities		Totals	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
General obligation bonds (backed by taxes & City)	\$ 3,065,000	\$ 3,265,000	\$ -	\$ -	\$ 3,065,000	\$ 3,265,000

No new debt was issued during the year. More detailed information about the City's long-term liabilities is presented in Note 12 to the financial statements.

COMPONENT UNITS

The City has chosen not to include the following component units in the basic financial statements: City Court of Minden and Minden Ward Marshal. Separate financial statements for each of these component units can be obtained by contacting the component unit.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

There are no significant economic factors that were considered to have a material effect on the budgeted amounts for fiscal year 2010/2011. The 2010/2011 budget is comparable to the prior year's budget with a continued reduction in investment interest revenues.

For the past year, Louisiana employment rate has consistently been lower than the national average. The oil and gas industry in our area has been a contributor to our economy.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City Clerk's office at 520 Broadway, Minden, Louisiana.

BASIC FINANCIAL STATEMENTS

CITY OF MINDEN, LOUISIANA
Statement of Net Assets
September 30, 2010

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,127,665	\$ 4,045,333	\$ 10,172,998
Investments	2,058,566	4,567,580	6,626,146
Receivables (net of allowances for uncollectibles)	633,813	3,526,181	4,159,994
Due from other funds	7,347	120,994	128,341
Due from other governments	325,211	186,200	511,411
Inventory	48,677	904,754	953,431
Prepaid Items	69,887	56,688	126,575
Noncurrent assets:			
Restricted assets			
Cash and cash equivalents	-	53,953	53,953
Investment	-	914,347	914,347
Capital assets (net)	<u>21,420,614</u>	<u>23,161,040</u>	<u>44,581,654</u>
Total assets	<u>\$ 30,691,780</u>	<u>\$ 37,537,070</u>	<u>\$ 68,228,850</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries, and other payables	\$ 639,846	\$ 1,125,820	\$ 1,765,666
Due to other funds	120,994	-	120,994
Bonds and interest payable	<u>261,919</u>	<u>-</u>	<u>261,919</u>
Total current liabilities	<u>1,022,759</u>	<u>1,125,820</u>	<u>2,148,579</u>
Noncurrent liabilities:			
Payable from restricted assets	-	575,056	575,056
Compensated absences payable	213,649	186,250	399,899
Net OPEB obligation	1,138,154	486,955	1,625,109
Bonds payable	2,850,000	-	2,850,000
Other liabilities	<u>448,722</u>	<u>-</u>	<u>448,722</u>
Total noncurrent liabilities	<u>4,650,525</u>	<u>1,248,261</u>	<u>5,898,786</u>
Total liabilities	<u>\$ 5,673,284</u>	<u>\$ 2,374,081</u>	<u>\$ 8,047,365</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 18,308,695	\$ 23,161,040	\$ 41,469,735
Restricted for:			
Other purposes	2,969,269	393,244	3,362,513
Unrestricted	<u>3,740,532</u>	<u>11,608,705</u>	<u>15,349,237</u>
Total net assets	<u>\$ 25,018,496</u>	<u>\$ 35,162,989</u>	<u>\$ 60,181,485</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Statement of Activities
For the Year Ended September 30, 2010

	Program Revenues				Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions			Governmental Activities	Business-type Activities	Total
			Capital Grants & Contributions					
Governmental activities								
General government	\$ (3,318,500)	\$ 204,069	\$ 30,663	\$ -	\$ (3,083,768)	\$ (3,083,768)	\$ -	\$ (3,083,768)
Public safety	(4,063,682)	106,517	419,061	28,033	(3,510,071)	(3,510,071)	-	(3,510,071)
Highway and streets	(1,424,080)	-	90,403	50,944	(1,282,733)	(1,282,733)	-	(1,282,733)
Sanitation and health	(1,084,344)	846,163	-	-	(238,181)	(238,181)	-	(238,181)
Parks and recreation	(1,871,629)	179,050	-	25,000	(1,667,579)	(1,667,579)	-	(1,667,579)
Public works	(384,806)	189,202	4,844	1,210,821	1,020,061	1,020,061	-	1,020,061
Interest on long-term debt	(159,442)	-	-	-	(159,442)	(159,442)	-	(159,442)
Total governmental activities	(12,306,483)	1,525,001	544,971	1,314,798	(8,921,713)	(8,921,713)	-	(8,921,713)
Business-type activities								
Water	(1,672,525)	1,502,423	-	236,200	66,098	-	66,098	66,098
Sewer	(1,513,731)	596,878	-	-	(916,853)	-	(916,853)	(916,853)
Electric	(12,799,360)	16,343,313	12,228	-	3,556,181	-	3,556,181	3,556,181
Other	(1,216,741)	-	-	-	(1,216,741)	-	(1,216,741)	(1,216,741)
Total business-type activities	(17,202,357)	18,442,614	12,228	236,200	1,488,685	-	1,488,685	1,488,685
Total primary government	\$ (29,508,840)	\$ 19,967,615	\$ 557,199	\$ 1,550,998	\$ (7,433,028)	\$ (8,921,713)	\$ 1,488,685	\$ (7,433,028)
General revenues:								
Property taxes levied for general purposes						416,498	-	416,498
Property taxes levied for historic district						26,782	-	26,782
Sales taxes						5,450,989	-	5,450,989
Franchise taxes						294,985	-	294,985
Occupational licenses						539,262	-	539,262
Grants and contributions not restricted to specific programs						24,683	29,448	54,131
Investment earnings						55,589	75,801	131,390
Other general revenues						133,920	299,128	433,048
Other financing sources (uses):								
Transfers						1,983,086	(1,983,086)	-
Total general revenues, other financing sources and transfers						8,925,794	(1,578,709)	7,347,085
Change in net assets						4,081	(90,024)	(85,943)
Net assets-beginning						25,014,415	35,253,013	60,267,428
Net assets-ending						\$ 25,018,496	\$ 35,162,989	\$ 60,181,485

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Balance Sheet
Governmental Funds
September 30, 2010

	General Fund	Sales Tax Fund	Sales Tax - Sewerage Fund	Capital Improvements City Hall	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 841,385	\$ 911,147	\$ 2,167,607	\$ 1,053,929	\$ 1,153,597	\$ 6,127,665
Investments	592,720	927,412	-	-	538,434	2,058,566
Receivables (net of allowances for uncollectibles)	16,128	237,273	237,273	-	-	490,674
Due from other funds	7,347	-	-	-	-	7,347
Due from other governments	165,390	-	-	-	-	165,390
Inventory	48,677	-	-	-	-	48,677
Deposit - escrow	12,870	-	-	-	-	12,870
Total assets	\$ 1,684,517	\$ 2,075,832	\$ 2,404,880	\$ 1,053,929	\$ 1,692,031	\$ 8,911,189

LIABILITIES AND FUND BALANCES

Liabilities:						
Accounts, salaries, and other payables	\$ 340,083	\$ 6,488	\$ -	\$ 114,873	\$ 221	\$ 461,665
Due to other funds	120,994	-	-	-	-	120,994
Other accrued expenses	163,239	-	-	-	-	163,239
Total liabilities	624,316	6,488	-	114,873	221	745,898
Fund balances:						
Reserved for:						
Debt services	-	-	-	-	200,479	200,479
Unreserved, reported in:						
General fund	1,060,201	-	-	-	-	1,060,201
Special revenue funds	-	2,069,344	2,404,880	-	567,653	5,041,877
Capital projects funds	-	-	-	939,056	923,678	1,862,734
Total fund balance	1,060,201	2,069,344	2,404,880	939,056	1,691,810	8,165,291
Total liabilities and fund balances	\$ 1,684,517	\$ 2,075,832	\$ 2,404,880	\$ 1,053,929	\$ 1,692,031	\$ 8,911,189

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets**

September 30, 2010

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$ 8,165,291
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	21,420,614
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Other assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds		
Accounts receivable	\$ 143,139	
Accounts receivable from other governments	159,821	
Prepaid insurance	<u>57,017</u>	359,977

Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Accrued interest payable	\$ (46,919)	
Compensated absences	(213,649)	
Bonds, notes, and loans payable	(3,065,000)	
Claims obligation	(285,483)	
OPEB obligation	(1,138,154)	
Other liabilities	<u>(178,181)</u>	<u>(4,927,386)</u>

Net Assets of Governmental Activities (Statement A)	<u>\$ 25,018,496</u>
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The accompanying notes are an integral part of this statement.

STATEMENT E

CITY OF MINDEN, LOUISIANA

Statement of Revenues, Expenditures and
and Changes in Fund Balances
Governmental Funds

For the Year Ended September 30, 2010

	General Fund	Sales Tax Fund	Sales Tax - Sewerage Fund	Capital Improvements City Hall	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Ad valorem	\$ 416,985	\$ -	\$ -	\$ -	\$ 26,782	\$ 443,767
Sales and use	-	2,725,495	2,725,494	-	-	5,450,989
Licenses and permits	530,878	-	-	-	-	530,878
Fees and rentals	697,579	-	-	-	-	697,579
Charges for services	1,020,735	-	-	-	-	1,020,735
Intergovernmental revenues:						
Federal grants	366,559	-	-	-	-	366,559
State/Parish	1,628,760	-	-	-	39,242	1,668,002
Other	21,793	-	-	-	-	21,793
Fines and forfeitures	95,476	-	-	-	14,960	110,436
Investment earnings	11,371	30,696	1,959	632	12,506	57,164
Other revenues	23,974	-	-	-	11,840	35,814
Total revenues	<u>4,814,110</u>	<u>2,756,191</u>	<u>2,727,453</u>	<u>632</u>	<u>105,330</u>	<u>10,403,716</u>
EXPENDITURES						
General government	2,526,455	197,660	46,886	2,479,522	139,516	5,390,039
Public safety	3,782,163	-	-	-	16,576	3,798,739
Highways and streets	1,104,880	-	-	-	-	1,104,880
Sanitation and health	1,072,358	-	-	-	-	1,072,358
Parks and recreation	1,676,885	-	-	-	-	1,676,885
Public works	1,284,604	-	-	-	-	1,284,604
Debt service	-	-	-	-	359,430	359,430
Total expenditures	<u>11,447,345</u>	<u>197,660</u>	<u>46,886</u>	<u>2,479,522</u>	<u>515,522</u>	<u>14,686,935</u>
Excess (deficiency) of revenues over (under) expenditures	(6,633,235)	2,558,531	2,680,567	(2,478,890)	(410,192)	(4,283,219)
OTHER FINANCING SOURCES (USES)						
Insurance proceeds	20,411	-	-	-	-	20,411
Transfers in	6,984,353	-	-	1,200,000	1,021,955	9,206,308
Transfers out	(610,000)	(3,807,827)	(2,805,395)	-	-	(7,223,222)
Total other financing sources (uses)	<u>6,394,764</u>	<u>(3,807,827)</u>	<u>(2,805,395)</u>	<u>1,200,000</u>	<u>1,021,955</u>	<u>2,003,497</u>
Net change in fund balance	(238,471)	(1,249,296)	(124,828)	(1,278,890)	611,763	(2,279,722)
Fund balances - beginning	<u>1,298,672</u>	<u>3,318,640</u>	<u>2,529,708</u>	<u>2,217,946</u>	<u>1,080,047</u>	<u>10,445,013</u>
Fund balances - ending	<u>\$ 1,060,201</u>	<u>\$ 2,069,344</u>	<u>\$ 2,404,880</u>	<u>\$ 939,056</u>	<u>\$ 1,691,810</u>	<u>\$ 8,165,291</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities**

For the Year Ended September 30, 2010

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ (2,279,722)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(82,788)
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Revenue in the statement of activities that do not provide current resources are not reported as revenues in the funds	(96,648)
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The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	198,763
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	<u>2,264,476</u>
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Change in Net Assets of Governmental Activities, Statement B	<u>\$ 4,081</u>
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The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Statement of Net Assets, Proprietary Funds
September 30, 2010

	Business Type Activities - <u>Enterprise Funds</u>		
	Utility	LCDBG - Sewer	
	Fund	Improvement	Total
	Fund	Fund	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,045,323	\$ 10	\$ 4,045,333
Investments	4,567,580	-	4,567,580
Accounts receivable, net of allowance	3,516,171	-	3,516,171
Other receivable	10,010	-	10,010
Due from other funds	120,994	-	120,994
Due from other governments	186,200	-	186,200
Inventory	904,754	-	904,754
Prepaid items	<u>56,688</u>	-	<u>56,688</u>
Total current assets	<u>13,407,720</u>	<u>10</u>	<u>13,407,730</u>
Noncurrent assets:			
Restricted assets -			
Cash and interest-bearing bank deposits	53,953	-	53,953
Investment	914,347	-	914,347
Capital assets (net of accumulated depreciation)	<u>23,161,040</u>	-	<u>23,161,040</u>
Total noncurrent assets	<u>24,129,340</u>	-	<u>24,129,340</u>
Total assets	<u>\$ 37,537,060</u>	<u>\$ 10</u>	<u>\$ 37,537,070</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,100,880	\$ -	\$ 1,100,880
Municipal retirement payable	<u>24,940</u>	-	<u>\$ 24,940</u>
Total current liabilities	<u>1,125,820</u>	-	<u>1,125,820</u>
Current liabilities payable from restricted assets	575,056	-	575,056
Noncurrent liabilities:			
Compensated absences payable	186,250	-	186,250
Net OPEB obligation	<u>486,955</u>	-	<u>486,955</u>
Total noncurrent liabilities	<u>673,205</u>	-	<u>673,205</u>
Total liabilities	<u>2,374,081</u>	-	<u>2,374,081</u>
NET ASSETS			
Invested in capital assets	23,161,040	-	23,161,040
Restricted for meter deposits	393,244	-	393,244
Unrestricted	<u>11,608,695</u>	<u>10</u>	<u>11,608,705</u>
Total net assets	<u>\$ 35,162,979</u>	<u>\$ 10</u>	<u>\$ 35,162,989</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended September 30, 2010

	Business Type Activities - Enterprise Funds		
	Utility Fund	LCDBG - Sewer Improvement Fund	Total
Operating revenues:			
Charges for services			
Electric	\$ 16,343,313	\$ -	\$ 16,343,313
Water	1,502,423	-	1,502,423
Sewerage	596,878	-	596,878
Penalties/service charges	234,633	-	234,633
Other charges for services	93,943	-	93,943
Operating grants	12,228	-	12,228
Total operating revenues	<u>18,783,418</u>	<u>-</u>	<u>18,783,418</u>
Operating expenses:			
Purchase of power	9,937,449	-	9,937,449
Personal services	2,388,241	-	2,388,241
Materials and supplies	439,481	-	439,481
Insurance claims and expenses	1,120,573	-	1,120,573
Repairs and maintenance	1,168,048	-	1,168,048
Other services and charges	830,744	-	830,744
Bad debt expenses	37,598	-	37,598
Depreciation	1,273,232	-	1,273,232
Total operating expenses	<u>17,195,366</u>	<u>-</u>	<u>17,195,366</u>
Operating income (loss)	<u>1,588,052</u>	<u>-</u>	<u>1,588,052</u>
Nonoperating revenues (expenses):			
Interest income	75,801	-	75,801
Management fees	(6,991)	-	(6,991)
Grant revenues	236,200	-	236,200
Total nonoperating revenues and expenses	<u>305,010</u>	<u>-</u>	<u>305,010</u>
Income before contributions and transfers	<u>1,893,062</u>	<u>-</u>	<u>1,893,062</u>
Transfers in	1,125,157	-	1,125,157
Transfers out	<u>(3,108,243)</u>	<u>-</u>	<u>(3,108,243)</u>
Change in net assets	<u>(90,024)</u>	<u>-</u>	<u>(90,024)</u>
Net assets - beginning	<u>35,253,003</u>	<u>10</u>	<u>35,253,013</u>
Net assets - end of year	<u>\$ 35,162,979</u>	<u>\$ 10</u>	<u>\$ 35,162,989</u>

The accompanying notes are an integral part of this financial statement.

CITY OF MINDEN, LOUISIANA
Statements of Cash Flows
Proprietary Funds
Years Ended September 30, 2010

	Business Type Activities - Enterprise Funds		
	Utility Fund	LCDBG - Sewer Improvement Fund	Total
Cash flows from operating activities:			
Cash received from customers	\$ 17,526,483	\$ -	\$ 17,526,483
Other operating cash receipts	106,171	-	106,171
Cash payments for supplies and services	(12,094,096)	-	(12,094,096)
Cash payments to employees for service	(2,358,871)	-	(2,358,871)
Other operating cash payments	(816,367)	-	(816,367)
Net cash provided by operating activities	<u>2,363,320</u>	<u>-</u>	<u>2,363,320</u>
Cash flows from noncapital financing activities:			
Transfer from other funds	1,125,157	-	1,125,157
Transfer to other funds	(3,108,243)	-	(3,108,243)
Net increase in meter deposits	4,864	-	4,864
Net cash used for noncapital financing activities	<u>(1,978,222)</u>	<u>-</u>	<u>(1,978,222)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(1,241,066)	-	(1,241,066)
Capital grants	50,000	-	50,000
Proceeds from disposition of capital assets	-	-	-
Net cash (used) for capital and related financing activities	<u>(1,191,066)</u>	<u>-</u>	<u>(1,191,066)</u>
Cash flows from investing activities:			
Interest on interest-bearing deposits	10,210	-	10,210
Return of investment	252	-	252
Net cash provided for investing activities	<u>10,462</u>	<u>-</u>	<u>10,462</u>
Net (decrease) in cash and cash equivalents	(795,506)	-	(795,506)
Cash and cash equivalents at beginning of year	<u>4,894,782</u>	<u>10</u>	<u>4,894,792</u>
Cash and cash equivalents at end of year	<u>\$ 4,099,276</u>	<u>\$ 10</u>	<u>\$ 4,099,286</u>

The accompanying notes are an integral part of this financial statement.

STATEMENT I

	Business Type Activities - <u>Enterprise Funds</u>		
	LCDBG -		
	Utility	Sewer	
	<u>Fund</u>	<u>Improvement</u>	<u>Total</u>
		<u>Fund</u>	
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 1,588,052	\$ -	\$ 1,588,052
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,273,232	-	1,273,232
Bad debt	37,599	-	37,599
Changes in assets and liabilities -			
Decrease (increase) in accounts receivable	(1,151,875)	-	(1,151,875)
Decrease (increase) in accounts receivable - other	-	-	-
Decrease (increase) in inventory	57,935	-	57,935
Decrease (increase) prepaid insurance	1,682	-	1,682
Increase (decrease) in accounts payable	290,106	-	290,106
Increase (decrease) in accrued compensated absences	28,070	-	28,070
Increase (decrease) in municipal retirement payable	2,005	-	2,005
Increase (decrease) in net OPEB obligation	<u>236,514</u>	<u>-</u>	<u>236,514</u>
Net cash provided (used) by operating activities	<u>\$ 2,363,320</u>	<u>\$ -</u>	<u>\$ 2,363,320</u>

STATEMENT J

CITY OF MINDEN, LOUISIANA
Statement of Fiduciary Net Assets
September 30, 2010

	Pension Trust Funds (3/31/2010)	Agency Fund - Police Bond Fund
ASSETS		
Cash	\$ 209,590	\$ 20,611
Receivables:		
A/R - net of allowance	-	13,265
Due from the general fund	-	31
Insurance company receivable	835	-
Refunds receivable	<u>2,526</u>	<u>-</u>
Total assets	<u>\$ 212,951</u>	<u>\$ 33,907</u>
LIABILITIES		
Claims payable	\$ 124,692	\$ -
Claims incurred but not reported	303,733	-
Due to the general fund	-	7,378
Due to other governmental units	<u>-</u>	<u>26,529</u>
Total liabilities	<u>428,425</u>	<u>33,907</u>
HELD IN TRUST FOR OPEB	<u>\$ (215,474)</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
March 31, 2010

NET INCREASE IN BENEFIT OBLIGATIONS

Increase during the year attributable to:

Claims payable	\$ 35,544
Claims incurred but not reported	<u>115,758</u>

NET INCREASE IN BENEFIT OBLIGATIONS	<u>151,302</u>
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NET INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS

Additions to plan assets attributable to:

Sponsor contributions	1,704,717
Participant contributions	370,997
Retiree contributions	98,441
Cobra contributions	976
Insurance company reimbursements	20,920
Interest income	<u>54</u>
TOTAL ADDITIONS	<u>2,196,105</u>

Deductions from plan assets attributable to:

Benefits paid to participants	1,674,532
Payments for insurance premiums	427,792
Administrative expenses	<u>49,043</u>

TOTAL DEDUCTIONS	<u>2,151,367</u>
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NET INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	<u>44,738</u>
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(DECREASE) IN EXCESS OF NET ASSETS AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS	(106,564)
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(DEFICIT) OF NET ASSETS AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS

BEGINNING OF YEAR	<u>(108,910)</u>
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END OF YEAR	<u>\$ (215,474)</u>
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The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2010

INTRODUCTION

The City of Minden, Louisiana (the City) was incorporated in 1928, under the provisions of Act No. 226 of the 1928 Special Acts of Louisiana Legislature. The City is located in the Parish of Webster, being in the northwest corner of the State of Louisiana. Elected officials of the City of Minden are a mayor, five (5) aldermen, and a chief of police who are elected every four years. The affairs of the City are conducted and managed by the mayor and board of aldermen, referred to as "The Council." The City provides a full range of municipal services as authorized by its charter. These include public safety (police and fire), street, water, electric, sewerage, sanitation and health, zoning and general administrative services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issued bonded debt.

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The financial reporting entity consists of (a) the primary government (City), (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the City is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

According to Governmental Accounting Standards Board (GASB) Statement No. 14, the criteria for determining which component units should be included in the reporting entity includes:

1. Appointing a voting majority of an organization's body, and:
 - a. The ability of the City to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2010

Based on the previous criteria, the City has determined that the following component units are part of the reporting entity:

<u>Component Unit</u>	<u>Method of inclusion</u>	<u>Fiscal Year End</u>	<u>Criteria Used</u>
<i>Included within the reporting entity:</i>			
Minden Historic Downtown Development District Commission	Blended	September 30	1 and 3
<i>Not included within the reporting entity:</i>			
City Court of Minden		December 31	2 and 3
Minden Ward Marshal		December 31	2 and 3

The City has chosen not to include the following component units in the basic financial statements: City Court of Minden and Minden Ward Marshal. Separate financial statements for each of these component units can be obtained by contacting the component unit.

GASB Statement No. 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (City) financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units except for the inclusion of the component units as discussed above.

Other related organizations

The Minden Housing Authority - The Authority provides housing to certain qualified residents and is funded by the U.S. Government grants and rental charges. The City is not responsible for financing deficits nor entitled to surpluses. The City does not significantly influence operational or fiscal matters of the Authority. The Minden Housing Authority is fiscally independent and there is no financial benefit or burden relationship with the City. Therefore, it is not included in the City's financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2010

other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Although most expenditures are recorded when a liability is incurred, as under accrual accounting, the measurement focus of a governmental fund significantly affects what items are to be considered expenditures in the governmental fund. Expenditures, and the related liabilities, are accrued when they are expected to be paid out of revenues recognized during the current period. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources, of the general government, except those required to be accounted for in another fund.

The Sales Tax Fund accounts for the receipt and use of the municipality's one percent (1%) sales and use tax under the provisions of the sales and use tax ordinance effective August 1, 1967.

The Sales Tax Fund – Sewerage System accounts for the receipt and use of the municipality's one percent (1%)

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2010

sales and use tax under the provisions of the sales and use tax ordinance effective December 1, 1984. By special election held April 15, 2000, the City rededicated and renewed the levy of this one percent (1%) sales and use tax.

Capital Improvements – City Hall accounts for financial resources received and used for the improvement of the City Hall building and surrounding area.

The municipality reports the following major proprietary funds:

The enterprise fund is used to account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The LCDBG – Sewer Improvement Fund is used to account for Louisiana Community Development Block Grant proceeds to be used for sewer improvements.

Additionally, the government reports the following fund types:

Agency Fund is used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Pension (and other employee benefit) Trust Fund is used to report resources and activities when the City is acting as a trustee for individuals. The Pension Trust Fund is used to account for medical, dental, vision, life and accidental death benefits covering substantially all employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Eliminations of these charges would distort direct costs and program revenues reported for the various functions concerned.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2010

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are from charges for electrical, water and sewerage services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Deposits and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits, those investments with original maturities of 90 days or less. Under state law, the City may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For purposes of the statements of cash flows, cash and cash equivalents include cash, demand deposits, and certificates of deposit. Cash and cash equivalents are stated at cost.

Under state law, the City may invest in United States bonds, treasury notes, and certificates. In addition, the City may invest in bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the U.S and also collateralized mortgage obligations, which have not been stripped into interest only and principal only obligations. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Long-term investments, those with original maturities greater than one (1) year, are valued at the last reported sales price at current exchange rates.

E. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2010

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, advalorem taxes, franchise taxes, police fines, and grants. Business-type activities report utilities as their major receivable. An allowance for uncollectible receivables is maintained, however, if amounts become uncollectible, in the opinion of management, they are charged to operations at that time.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, grants and other intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned and only if paid within 30 days since they would be considered both measurable and available.

F. Inventories and Prepaid Items

Inventory items are valued at cost using the first-in, first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide financial statements.

Inventories in each fund are generally composed of the following items:

General Fund - Gasoline

Enterprise Fund - Electric, water and sewer repair and maintenance items

G. Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to utility meter deposits.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2010

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated <u>Lives</u>
Roads, bridges, and infrastructure	25-50 years
Land improvements	10-30 years
Buildings and building improvements	10-40 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	5-15 years

GASBS No. 34 required the City to report and depreciate new infrastructure assets effective with the beginning of the fiscal year ended September 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. During the fiscal year ended September 30, 2010, infrastructure being reported on includes bridges owned by the City during the current year. Of the remaining infrastructure, neither the historical cost nor related depreciation has historically been reported in the financial statements. The City has elected to report its system of streets under the modified approach.

I. Compensated Absences

The City's policy regarding vacation time permits full-time employees to accumulate earned but unused vacation leave. The only provision for vested benefits is that municipal employees, with the exception of employees of the police and fire department who are covered by Civil Service requirements, may carry forward no more than the maximum accruable amount for any vacation year. All employees do not have the option of foregoing vacation and being paid in lieu thereof. The entire accrued vacation liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of this debt is the amount that is normally expected to be paid using expendable available financial resources. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The City's policy regarding sick time permits full-time employees to accrue sick leave at the rate of eighty (80) hours per year, effective on the first day of full-time employment. Sick time may be carried over from year to year. Upon retirement, the employee will be reimbursed for fifty (50) percent of their accrued sick leave at their regular hourly rate of pay. Total reimbursement cannot exceed 500 hours. All sick leave hours used in the two years prior to retirement date will be deducted from the fifty (50) percent accrual prior to reimbursement. There is no provision for reimbursement of accrued sick leave for termination other than retirement. The liability for

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2010

sick leave accrual is recorded as long-term debt in the government-wide financial statements. An estimate of this accrual is based on historical trends.

J. Long-Term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, accrued compensated absences, and net OPEB obligations.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by parties for use for a specific purpose.

In government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – consist of net assets with constraints place on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – all other net assets that do no meet the definition of “restricted” or “invested in capital assets, net of related debt.”

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2010

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION The City follows these procedures in establishing the budgetary data reflected in these financial statements:

- a) The City Clerk prepares a proposed budget and submits same to the Mayor and the Council no later than fifteen days prior to the beginning of each fiscal year.
- b) The public is notified that the proposed budget is available for public inspection. At that time, a public hearing is called.
- c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- d) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- e) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated require the approval of the Council.
- f) All budgetary appropriations lapse at the end of each fiscal year.
- g) Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts, as originally adopted, are amended from time to time by the Council.

DEFICITS The Fiduciary Fund - Pension Trust Fund had a deficit of \$215,474, in retained earnings as of March 31, 2010. The deficit was due to the excess of expenditures recognized for claims incurred as of the end of the year over actual funds transferred to the Pension Trust Fund. The deficit will be eliminated through future transfers from various funds.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2010

3. CASH AND CASH EQUIVALENTS

At September 30, 2010, the carrying amount of the City's deposits, excluding its fiduciary fund was \$10,226,950, as follows:

Petty cash funds	\$	2,925
Cash on hand		41,714
Demand deposits		222,922
Interest-bearing deposits		<u>9,959,390</u>
Total	\$	<u>10,226,951</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times at least equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At September 30, 2010, the City's bank balances, including its fiduciary funds and certificates of deposits, totaled \$13,304,960. These deposits are secured from risk by \$1,750,090 of federal deposit insurance and \$15,696,500 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

4. INVESTMENTS

The City of Minden's investments are reported at fair value, which is determined using selected bases in accordance with GASB Statement No. 31. Short-term investments are reported at cost, which approximates fair value. Long-term investments, those with original maturities greater than one (1) year, are valued at the last reported sales price at current exchange rates.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2010

As of September 30, 2010, the City's reporting entity had the following investments:

<u>Types of investments</u>	<u>Credit rating</u>	Total Fair Value/ Carrying Amount	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Weighted Average Months to Maturity</u>
Money market funds - LAMP	AAAm	\$551,083	64,698	486,385	
UBS Cash Fund, Inc.		622	-	622	
U.S. Government Sponsored Enterprises:					
Federal National Mortgage Association		930,991	-	930,991	28.65
Federal Home Loan Mortgage Corp.		953,681	-	953,681	30.58
Federal Home Loan Bank		901,468	-	901,468	28.27
Federal Farm Credit Bank		700,438	-	700,438	36.91
U.S. Agency Collateralized Mortgage Obligations		3,343	-	3,343	<i>a</i>
Certificates of deposit		<u>3,498,867</u>	<u>1,993,868</u>	<u>1,504,999</u>	
Total investments		<u>\$ 7,540,493</u>	<u>2,058,566</u>	<u>5,481,927</u>	

a No specific maturity date available due to the nature of this type of investment. The City plans to hold remaining security until maturity.

City's Investment policies

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Louisiana Revised Statutes and the City's investment policy govern the procedures to be followed and the types of allowable securities to be purchased by the municipality. The City of Minden is authorized to invest in the following types of investments:

- 1) Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. government.
- 2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the U.S. and,
- 3) Collateralized mortgage obligations, which have not been stripped into interest only or principal only obligations.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. **Concentration of credit risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. Investments held in U.S. government or investments guaranteed by the U.S. government are excluded from disclosure of concentration of credit risk.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2010

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. City investments are Category 1 investments, categorized as insured or registered, or securities held by the City or its agent in the City's name.

5. ACCOUNTS RECEIVABLE

Enterprise Receivables and Uncollectible Accounts

Accounts receivable - utilities customers are analyzed periodically and accounts considered to be uncollectible are charged off. For the year ended September 30, 2010, \$2,353 of accounts receivable were charged off. Past due accounts totaled \$534,782 at September 30, 2010.

The individual customer consumption meters are not all read on the same day of the month. Meters are generally read between the first (1) and the twenty-first (21) day of each month. At the end of any particular month, individual customers will have from a week to a total month's consumption that they will not be billed for until the following month. It is estimated that at the end of any particular month there is, in the aggregate, approximately the equivalent of fifteen (15) days' consumption that is unbilled to utility customers.

Accounts receivable - utilities customers at September 30, 2010, consisted of:

Accounts receivable – utilities	\$ 2,577,495
Allowance for D/A	<u>(128,000)</u>
	2,449,495
Unbilled receivables	<u>1,066,676</u>
Accounts receivable – utilities (net)	\$ <u>3,516,171</u>

Governmental activities receivables

Accounts receivables of the governmental activities consist of sales tax (73%), franchise taxes (13%), other (4%), police fines/seizures (8%), and interest (2%). Receivables detail at September 30, 2010 for governmental activities are as follows:

Accounts receivable	\$ 707,354
Allowance for doubtful accounts	<u>(73,541)</u>
Net accounts receivable	\$ <u>633,813</u>

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2010

6. ADVALOREM TAXES

Advalorem taxes attach as an enforceable lien on the valuation of property as of January 1 of each year. The City of Minden bills and collects its property taxes using the assessed values determined by the tax assessor of Webster Parish.

The tax levy for 2009 was 5.83 mills of the assessed property valuation on tax rolls as of January 1. This tax became due on January 1, 2010 and delinquent on February 1, 2010.

The tax was dedicated as follows:

General corporate purposes	5.83 mills
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For the year ended September 30, 2010, taxes of \$400,901 were levied on property with assessed valuations totaling \$68,765,140.

Additionally, a tax of 2.60 mills on properties located within the established Minden Downtown Development District was approved by voters. Such tax was dedicated for use by the Minden Main Street Program. For the year ended September 30, 2010, taxes of \$26,413 were levied on property with assessed valuations totaling \$10,158,690.

7. SALES AND USE TAX OPERATIONS

- A. 1% sales and use tax - The City of Minden was authorized to levy and collect a one per cent (1%) sales and use tax by a special election held May 23, 1967.

The revenues derived therefrom were authorized to be used for "the purpose of opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks and bridges; constructing, acquiring, extending, improving, renovating and/or maintaining street lighting facilities, water-works, sewers and sewerage disposal works, garbage collection and waste disposal facilities, police department stations and equipment, public buildings and/or fire department stations and equipment, including fire engines, public parks and recreational facilities, airport facilities, and parking facilities; and purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, building, improvements and facilities, and such tax to be subject to funding into bonds by the City in the manner authorized."

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2010

For the year ended September 30, 2010, Sales Tax operating transfers (of "surplus") to other funds which were used for purposes for which the imposition of the tax was authorized were as follows:

	General <u>Fund</u>	Capital Project - <u>City Hall</u>
Transfers to	<u>\$2,607,827</u>	<u>\$1,200,000</u>

- B. 1% sales and use tax - sewerage improvements - The City of Minden was authorized to levy and collect a one per cent (1%) sales and use tax by a special election held September 29, 1984.

The revenues derived therefrom were authorized to be used for "the purpose of constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal facilities and fund the proceeds of the Tax into bonds to be issued in series from time to time for the purpose of constructing, acquiring and improving sewers and sewage disposal facilities and the Council shall (i) annually budget the amount of said net proceeds of the Tax required to pay principal and interest and reserve requirements on all bonds payable from the Tax and the amount required for extending, improving, operating and maintaining sewers and sewage disposal facilities and (ii) use the excess over said requirements to pay said bonds in full prior to their stated maturity and when provisions shall have been made for the payment of all of said bonds in full the authority to levy the Tax shall terminate."

By a special election held April 15, 2000, the City rededicated and renewed the levy of a one percent (1%) sales and use tax, which was originally authorized at an election held in the City on September 29, 1984.

The revenues derived therefrom were rededicated to be used for "the purpose of acquiring, constructing, improving, maintaining, equipping and operating sewerage, sewage disposal facilities and recreational facilities, including the acquisition of sites therefore, and authority to fund the sales tax into bonds by the City in the manner authorized."

For the year ended September 30, 2010, Sales tax-sewerage improvements operating transfers to other funds which were used for purposes for which the imposition of the tax was authorized were as follows:

	Debt <u>Service</u>	General <u>Fund</u>	Utility <u>Fund</u>
Transfers to	<u>\$ 366,955</u>	<u>\$1,313,283</u>	<u>\$1,125,157</u>

Beginning July 1992, the City entered into an agreement with the Webster Parish Centralized Sales Tax Collection Agency to collect sales tax. The Agency collects the taxes from vendors, and then remits to the City, after deducting an administrative fee. The administrative fee of 1.4% was assessed during the fiscal year.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2010

8. RESTRICTED ASSETS

Restricted assets of the City of Minden at September 30, 2010 were as follows:

Customers' Deposits	
Bank deposit accounts	\$ 53,953
Investments (net of market adjustment)	<u>914,347</u>
Total restricted assets	<u>\$ 968,300</u>

9. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2010, for the primary government is as follows:

	Balance <u>October 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>September 30, 2010</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 799,547	\$ -	\$ -	\$ 799,547
Construction in progress	<u>2,464,019</u>	<u>3,405,809</u>	<u>1,848,429</u>	<u>4,021,399</u>
Total capital assets, not being depreciated	<u>3,263,566</u>	<u>3,405,809</u>	<u>1,848,429</u>	<u>4,820,946</u>
Capital assets being depreciated				
Buildings	12,420,423	-	-	12,420,423
Land improvements other than buildings	2,099,419	1,772,181	-	3,871,600
Equipment	5,390,387	483,125	-	5,873,512
Infrastructure	<u>5,035,393</u>	<u>-</u>	<u>-</u>	<u>5,035,393</u>
Total capital assets being depreciated	<u>24,945,622</u>	<u>2,255,306</u>	<u>-</u>	<u>27,200,928</u>
Less accumulated depreciation for:				
Buildings	3,683,373	305,478	-	3,988,851
Land improvements other than buildings	386,208	98,061	-	484,269
Equipment	3,558,669	401,611	-	3,960,280
Infrastructure	<u>2,046,087</u>	<u>121,773</u>	<u>-</u>	<u>2,167,860</u>
Total accumulated depreciation	<u>9,674,337</u>	<u>926,923</u>	<u>-</u>	<u>10,601,260</u>
Total capital assets, being depreciated, net	<u>15,271,285</u>	<u>1,328,383</u>	<u>-</u>	<u>16,599,668</u>
Governmental activities capital assets, net	<u>\$ 18,534,851</u>	<u>\$ 4,734,192</u>	<u>\$ 1,848,429</u>	<u>\$ 21,420,614</u>

CITY OF MINDEN, LOUISIANA
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Business-type activities:

Capital assets, not being depreciated

Land and improvements	\$ 332,065	\$ -	\$ -	\$ 332,065
Construction in progress	<u>448,354</u>	<u>1,080,268</u>	<u>773,287</u>	<u>755,335</u>
Total capital assets, not being depreciated	<u>780,419</u>	<u>1,080,268</u>	<u>773,287</u>	<u>1,087,400</u>

Capital assets being depreciated

Buildings	16,618,665	663,002	-	17,281,667
Land improvements other than buildings	28,018,579	94,917	-	28,113,496
Equipment	<u>8,277,160</u>	<u>125,546</u>	<u>-</u>	<u>8,402,706</u>
Total capital assets being depreciated	<u>52,914,404</u>	<u>883,465</u>	<u>-</u>	<u>53,797,869</u>

Less accumulated depreciation for:

Buildings	9,961,050	368,931	-	10,329,981
Land improvements other than buildings	14,490,918	655,855	-	15,146,773
Equipment	<u>5,999,028</u>	<u>248,447</u>	<u>-</u>	<u>6,247,475</u>
Total accumulated depreciation	<u>30,450,996</u>	<u>1,273,233</u>	<u>-</u>	<u>31,724,229</u>
Total capital assets, being depreciated, net	<u>22,463,408</u>	<u>(389,768)</u>	<u>-</u>	<u>22,073,640</u>

Business-type capital assets, net	\$ <u>23,243,827</u>	\$ <u>690,500</u>	\$ <u>773,287</u>	\$ <u>23,161,040</u>
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Depreciation expense was charged as direct expense of the primary government as follows:

Governmental activities:

General government	\$ 116,920
Public safety	219,089
Highway and streets	159,900
Sanitation and health	2,417
Parks and recreation	363,194
Public works	<u>65,403</u>
Total	\$ <u>926,923</u>

Business-type activities:

Water	\$ 320,063
Sewer	414,107
Electric	523,126
Other	<u>15,936</u>
Total	\$ <u>1,273,232</u>

10. RETIREMENT SYSTEMS

Substantially all employees of the City of Minden, Louisiana, are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters' Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All regular employees, other than firemen and policemen, of the City of Minden, Louisiana, are members of Plan A.

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All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, or at any age with at least 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to three (3) percent of their final-average salary for each year of creditable service. Elected officials receive three and one-half (3 ½) percent. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the City of Minden, Louisiana, is required to contribute at an actuarially determined rate. From July 1, 2009 through June 30, 2010 the rate was 13.50 percent of annual covered payroll. Effective July 1, 2010, the rate increased to 14.25 percent. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City of Minden, Louisiana, are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to changes each year based on the results of the valuation for the prior fiscal year. The City of Minden, Louisiana's contributions to the System under Plan A for the years ending September 30, 2010, 2009 and 2008, were \$476,576, \$440,454, and \$407,298, respectively, equal to the required contributions for each years.

B. Municipal Police Employees Retirement System of Louisiana

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the *Municipal Police Employees Retirement System of Louisiana*, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City of Minden, Louisiana, is required to contribute at an actuarially determined rate. From July 1, 2009 through June 30, 2010 the rate was 11 percent of annual covered payroll. Effective July 1, 2010, the rate increased to 25 percent. The contribution requirements of plan members and the City of Minden, Louisiana, are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to changes each year based on the results of the valuation for the prior fiscal year. The City of Minden, Louisiana's contribution for the years ended September 30, 2010, 2009 and 2008, were \$159,191, \$89,826, and \$107,042, respectively, equal to the required contributions for each year.

C. Firefighters' Retirement System of Louisiana

Plan Description. Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the *Firefighters' Retirement System*, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the City of Minden, Louisiana is required to contribute at an actuarially determined rate. From July 1, 2009 through June 30, 2010, the rate was 14.0 percent of annual covered payroll. Effective July 1, 2010, the rate increased to 21.5 percent. The contribution requirements of plan members and the City of Minden, Louisiana, are established and may be amended by state statute. As proved by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Minden, Louisiana's contributions for

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2010

the years ended September 30, 2010, 2009 and 2008 were \$95,595, \$70,614, and \$68,468, respectively, equal to the required contributions for each year.

11. CAPITAL AND OPERATING LEASES

The City records items under capital leases as an asset and an obligation in the accompanying financial statements. The City did not have any capital leases during the fiscal year ended September 30, 2010. Therefore, there are no future minimum lease payments under capital leases or present value of the net minimum lease payments as of September 30, 2010.

The municipality has operating leases and rental expense as follows:

	Governmental <u>Activities</u>	Business-type <u>activities</u>
Equipment:		
Cannon 5050 Copier - \$283/month for 48 months	\$ 1,543	\$ 772
Cannon 5070 Copier - \$283/month for 48 months	595	298
Ricoh 240W Copier - \$386/month for 24 months	-	4,635
Minolta Di3510F - \$286.50/month for 60 months	2,354	-
Minolta BizHub C353 - \$293.90/month for 60 months	3,527	-
Pitney Bowes Postage Machine - \$257/month for 60 months	2,066	1,033
Canon MPC 3000 - \$213.64/month for 48 months	<u>2,350</u>	<u>-</u>
Total rental expense	<u>\$ 12,435</u>	<u>\$ 6,738</u>

The minimum annual commitments under noncancelable operating leases are as follows:

Fiscal year:	<u>Equipment</u>
2011	\$ 14,879
2012	4,595
2013	<u>2,939</u>
Total	<u>\$ 22,413</u>

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
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12. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term debt for the year ended September 30, 2010:

Type of debt	Balance Oct. 1, 2009	Additions	Deductions	Balance Sept. 30, 2010	Amount due within one year
Governmental activities:					
General obligation	\$ 3,265,000	\$ -	\$ (200,000)	\$ 3,065,000	\$ 215,000
Compensated absences	194,677	18,972	-	213,649	-
Claims payable	278,368	170,354	-	448,722	-
Net OPEB obligation	<u>604,839</u>	<u>533,315</u>	<u>-</u>	<u>1,138,154</u>	<u>-</u>
Total governmental debt	<u>\$ 4,342,884</u>	<u>\$ 722,641</u>	<u>\$ (200,000)</u>	<u>\$ 4,865,525</u>	<u>\$ 215,000</u>
Business-type activities:					
Compensated absences	\$ 157,326	\$ 28,924	\$ -	\$ 186,250	\$ -
Net OPEB obligation	<u>250,441</u>	<u>236,514</u>	<u>-</u>	<u>486,955</u>	<u>-</u>
Total business-type debt	<u>\$ 407,767</u>	<u>\$ 265,438</u>	<u>\$ -</u>	<u>\$ 673,205</u>	<u>\$ -</u>

Bonds payable at September 30, 2010, are comprised of the following individual issue:

	Principal <u>Outstanding</u>	Interest to <u>Maturity</u>
\$4,000,000 Sales Tax Bonds, Series 2001, dated June 1, 2001: due in annual installments of \$5,000 - \$355,000 through January 1, 2021; interest at .10%-5.2%; secured by pledge of the City's 1% sales and use tax designated for sewerage system improvements and recreation	\$ 3,065,000	\$ 991,515

The annual requirements to amortize all debt outstanding as of September 30, 2010, including interest payments of \$ 991,515, are as follows:

Year ending <u>September 30</u>	General Obligation <u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 215,000	\$ 153,205	\$ 368,205
2012	225,000	138,155	363,155
2013	235,000	128,255	363,255
2014	250,000	117,680	367,680
2015	260,000	106,180	366,180
2016-2020	1,525,000	329,580	1,854,580
2021	<u>355,000</u>	<u>18,460</u>	<u>373,460</u>
	<u>\$ 3,065,000</u>	<u>\$ 991,515</u>	<u>\$ 4,056,515</u>

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At September 30, 2010, \$200,479 was available in the Debt Service Funds to service the general obligation bonds.

In accordance with Louisiana Revised Statutes, the City is legally restricted in the amount of long-term bonded debt that may be issued. At September 30, 2010, the statutory limit was \$6,876,514. As of September 30, 2010, the City had no bonds secured by ad valorem taxes.

Total interest expense paid on long-term debt as of September 30, 2010 was \$158,205.

13. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables at September 30, 2010, were as follows:

	<u>Receivables</u>		
	General	Enterprise	
<u>Payables</u>	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
General Fund	\$ -	\$ 120,994	\$ 120,994
Police Bond Fund	<u>7,347</u>	<u>-</u>	<u>7,347</u>
Total	\$ <u>7,347</u>	\$ <u>120,994</u>	\$ <u>128,341</u>

Interfund transfers during the year ended September 30, 2010, were as follows:

	<u>Operating Transfers In</u>				
	General	Enterprise	Capital	Non-Major	
<u>Transfers out</u>	<u>Fund</u>	<u>Fund</u>	<u>City Hall</u>	<u>Governmental</u>	<u>Total</u>
General Fund	\$ -	\$ -	\$ -	\$ 610,000	\$ 610,000
Sales Tax Fund	2,607,827	-	1,200,000	-	3,807,827
Sales Tax Fund - Sewerage System	1,313,283	1,125,157	-	366,955	2,805,395
Enterprise Fund	<u>3,063,243</u>	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>3,108,243</u>
Total	\$ <u>6,984,353</u>	\$ <u>1,125,157</u>	\$ <u>1,200,000</u>	\$ <u>1,021,955</u>	\$ <u>10,331,465</u>

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2010

Transfers are primarily used to move funds from:

Sales Tax Fund – Sewerage System to cover debt service attributable to sewerage bonds and recreation bonds, to cover costs of recreation activities within the General Fund, and to cover costs of the sewer system within the Utility Fund.

The Enterprise Fund and Sales Tax Fund make transfers to supplement costs within the General Fund.

General Fund makes transfers to cover costs of street construction within Capital Improvements – Street Fund.

14. RESERVED RETAINED EARNINGS/FUND BALANCES

Fund Equity Reserves and Restrictions:

Debt Service Fund:

Sales Tax Bonds, Series 2001 Sinking Fund:

Reserved for debt service	\$ <u>200,479</u>
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Enterprise Fund:

Restricted for meter deposits:

Cash and investments	\$968,300
Less: meter deposit liability	<u>(575,056)</u>
Total enterprise fund restricted for meter deposits	\$ <u>393,244</u>

Restricted Net Assets – Governmental Activities

The following table shows the net assets restricted for other purposes as shown on the Statement of Net Assets:

<u>Fund</u>	<u>Restricted by</u>	<u>Amount</u>
Sales Tax Sewerage Fund	Local ordinance/election	\$ 2,404,880
Sales Tax, Series 2002 Refunding	Local ordinance/election	544,076
Drug Task Force	Statutory requirements	<u>20,313</u>
Total restricted net assets – governmental activities		\$ <u>2,969,269</u>

15. CONTRACTUAL SERVICE AGREEMENT – SANITATION SERVICES

Effective March 1, 2005, the City entered into a seven-year agreement with BFI/Allied Waste Industries, Inc., a private company, to provide sanitation services to the City. These services include residential garbage and recyclable item pick-up and the disposal of such waste, with fees based on the number of pick-ups per week and the type of collection (curbside or backyard). The City then charges a monthly fee for sanitation services to individual customers on their utilities bills.

CITY OF MINDEN, LOUISIANA
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As of and for the Year Ended September 30, 2010

16. PENDING LITIGATION

In Marvin Garrett, Etal vs. City, a suit was filed against the City arising from the City transferring two employees to the fire department at their longevity pay rate. If the City is found liable, it could incur a significant loss which would not be covered by insurance, an estimate of the obligation has been accrued in the government-wide financial statements.

In Anthony Morris Etal vs. City, a suit was filed against the City arising from an automobile accident where a City of Minden police officer hit and killed a Minden citizen. If the City is found liable it could incur a significant loss, however expects that it would be covered by insurance. At this time, no information is available to determine the likelihood of loss or an estimate of liability.

There are several other pending lawsuits in which the City is involved. The City Attorney estimates that the potential claims against the City, not covered by insurance resulting from litigation not mentioned above, would not materially affect the financial statements of the City.

Effective April 1, 1998, the City reinstated its general liability coverage. The City will maintain the reserve fund established in prior years for self-insurance. The reserve will be used to pay claims for amounts less than the deductible allowed under the City's general liability coverage. At September 30, 2010, \$388,436 has been reserved in the Enterprise Fund-Utilities Fund for this purpose.

17. POST EMPLOYMENT BENEFITS

Effective with the fiscal year ended September 30, 2009, the City of Minden implemented Government Accounting Standards Board Statement Number 45, Accounting and Financial Reporting for Post Employment Benefits Other than Pensions (GASB 45).

Plan description – The City provides post employment benefits for eligible participants enrolled in the City of Minden health insurance program through the City of Minden, Employee Benefit Plan & Trust. This plan is a single employer defined benefit plan. The plan provides medical, dental, vision, life and accidental death benefits. The benefits are provided in the form of:

- An implicit rate subsidy where pre 65 retirees receive health insurance coverage by paying a combined retiree/active rate
- An explicit subsidy where the city contributes towards the retiree premium

Funding policy – Retiree contributions are based on the total years that the retiree has serviced in the City. Retirees with less than 25 years of service receive a subsidy equal to 50% of the full premium. Retirees with more than 25 years of service receive a subsidy equal to 60% of the full premium.

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As of and for the Year Ended September 30, 2010

The premiums, which include medical, dental, life and vision, are provided in the table below:

Non Medicare Premiums

<u>Rate Tier</u>	Rates Effective <u>10/1/2009</u>
Retiree only	\$ 489.11
Retiree & child	\$ 1,041.81
Retiree & spouse	\$ 1,096.50
Retiree + Family	\$ 1,460.62

Medicare Premiums

Retiree only	\$ 398.18
Retiree & spouse	\$ 786.65
Retiree & spouse (one w/Medicare)	\$ 941.60

The plan is currently financed on a "pay-as-you-go" basis. For the year ended September 30, 2010, the City contributed \$472,172 for 29 retirees.

Annual other post employment benefit cost and liability – The City's annual required contribution (ARC) is an amount actuarially determined in accordance with GASB 45, which is being implemented for the year ended September 30, 2010. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan:

Annual required contribution	\$ 1,242,000
Less: current year contributions	<u>(472,172)</u>
Increase in net OPEB obligation	769,828
Net OPEB obligation – beginning of year	<u>855,281</u>
Net OPEB obligation – end of year	<u>\$ 1,625,109</u>

The annual required contribution used for the fiscal years ending September 30, 2011, September 30, 2010, and September 30, 2009 is \$1,242,000. Utilizing the "pay-as-you-go" method, the City contributed 38% and 31% of the annual post employment benefits cost during the fiscal years ended September 30, 2010 and September 30, 2009, respectively.

Funding status and funding progress – The actuarial accrued liability is the present value of future benefits which is attributable to past service. The actuarial accrued liability of the City's post employment benefit plan as of October 1, 2008 is \$14,668,000. The unfunded actuarial accrued liability is the difference between the actuarial accrued liability and the actuarial value of plan assets. Since the plan has no assets, the unfunded actuarial accrued

CITY OF MINDEN, LOUISIANA
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liability for the City's post employment benefit plan is the same as the actuarial accrued liability of \$14,668,000. The covered payroll (annual payroll of active employees covered by the plan) was \$5,692,941, and the ratio of the UAAL to the covered payroll was 257%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City's actuarial valuation as of October 1, 2008 was calculated using the projected unit credit method with benefits attributed from the date of hire to expected retirement age. The actuarial assumption included a 4.5% discount rate. Other critical assumptions used in the actuarial valuation are the health care cost trend rate and participation assumptions. The valuation uses a health care cost trend rate assumption of 11% in the year October 1, 2008 to September 30, 2009 grading down by 0.5% each year until an ultimate health care cost trend rate is reached in 2021 of 5%.

The participation assumption is the assumed percentage of future retirees that participate and enroll in the health plan. The participation assumption used in this valuation is 75%.

The unfunded actuarial accrued liability of \$14,668,000 is amortized over the maximum allowable period of 30 years on an open basis. It is calculated assuming a level percentage of projected payroll.

CITY OF MINDEN, LOUISIANA
Notes to the Financial Statements
As of and for the Year Ended September 30, 2010

18. ON BEHALF PAYMENTS

During the fiscal year ended September 30, 2010, qualified city employees of the City Police Department, City Fire Department, and the City Marshal's Office received supplemental pay from the State of Louisiana. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 24, the City has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$257,317 for the year ended September 30, 2010, and the related expenditures are as follows:

General Government -	
Ward Marshal	\$ <u>6,000</u>
Public Safety -	
Police	\$ 167,317
Fire	<u>84,000</u>
Total public safety	\$ <u>251,317</u>

19. CONSTRUCTION COMMITMENTS

During 2009, the City of Minden began a project to renovate City Hall and the Civic Center.

On July 6, 2009, the City of Minden awarded a bid of \$2,589,000, for the construction of additions to City Hall as well as renovations to the police station. As of September 30, 2010, construction and engineering costs of \$2,465,245 have been incurred for this project.

The Capital Improvements – City Hall Fund is used to account for the construction.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

Budgetary Comparison Schedules:

General Fund

Sales Tax Fund

Sales Tax Fund – Sewerage System

Modified Approach for Reporting Infrastructure

Schedule of Funding Progress for Other Post Employment Benefit Plan

CITY OF MINDEN, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Taxes - ad valorem	\$ 414,000	\$ 414,000	\$ 416,985	\$ 2,985
Licenses - occupational	450,000	450,000	530,878	80,878
Fees and rentals	481,110	481,110	697,579	216,469
Charges for services	940,000	980,000	1,020,735	40,735
Fines and forfeitures	92,500	92,500	95,476	2,976
Intergovernmental	401,050	681,796	2,017,112	1,335,316
Interest	20,300	20,300	11,371	(8,929)
Miscellaneous	53,150	53,150	23,974	(29,176)
Total revenues	<u>2,852,110</u>	<u>3,172,856</u>	<u>4,814,110</u>	<u>1,641,254</u>
Expenditures				
General Government	2,445,283	2,476,821	2,526,455	(49,634)
Public Safety	3,766,018	3,886,553	3,782,163	104,390
Highway and streets	1,587,541	1,637,919	1,104,880	533,039
Sanitation and health	991,574	1,025,341	1,072,358	(47,017)
Parks and recreation	1,468,916	1,668,643	1,676,885	(8,242)
Public works	284,626	997,016	1,284,604	(287,588)
Total expenditures	<u>10,543,958</u>	<u>11,692,293</u>	<u>11,447,345</u>	<u>244,948</u>
Excess (deficiency) of revenues over (under) expenditures	(7,691,848)	(8,519,437)	(6,633,235)	1,886,202
Other Financing Sources (Uses)				
Insurance proceeds	-	-	20,411	20,411
Operating transfers in	6,192,877	7,241,466	6,984,353	(257,113)
Operating transfers out	-	-	(610,000)	(610,000)
Total other financing sources (uses)	<u>6,192,877</u>	<u>7,241,466</u>	<u>6,394,764</u>	<u>(846,702)</u>
Net change in fund balance	(1,498,971)	(1,277,971)	(238,471)	1,039,500
Fund balance at beginning of year	<u>1,298,672</u>	<u>1,298,672</u>	<u>1,298,672</u>	<u>-</u>
Fund balance at end of year	<u>\$ (200,299)</u>	<u>\$ 20,701</u>	<u>\$ 1,060,201</u>	<u>\$ 1,039,500</u>

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual

Special Revenue Fund - Sales Tax Fund

For the Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Budget	GAAP	Final Budget
			Basis	Positive
				(Negative)
Revenues:				
Taxes - sales	\$ 2,480,000	\$ 2,680,000	\$ 2,725,495	\$ 45,495
Interest	20,000	20,000	30,696	10,696
Total revenues	<u>2,500,000</u>	<u>2,700,000</u>	<u>2,756,191</u>	<u>56,191</u>
Expenditures:				
General government -				
Salaries	28,258	28,258	28,004	254
Insurance expense	11,960	11,960	15,342	(3,382)
Retirement expense	3,815	3,815	3,834	(19)
Office and computer supplies	122,500	122,500	75,839	46,661
Collection expense	42,480	42,480	46,886	(4,406)
Professional fees	8,000	8,000	14,878	(6,878)
Miscellaneous	6,710	6,710	7,360	(650)
Capital expenditures	4,000	4,000	5,517	(1,517)
Total expenditures	<u>227,723</u>	<u>227,723</u>	<u>197,660</u>	<u>30,063</u>
Excess of revenues over expenditures	<u>2,272,277</u>	<u>2,472,277</u>	<u>2,558,531</u>	<u>86,254</u>
Other Financing Sources (Uses):				
Operating transfers out	<u>(2,272,277)</u>	<u>(4,084,921)</u>	<u>(3,807,827)</u>	<u>277,094</u>
Total other financing (uses)	<u>(2,272,277)</u>	<u>(4,084,921)</u>	<u>(3,807,827)</u>	<u>277,094</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	-	(1,612,644)	(1,249,296)	363,348
Fund balance at beginning of year	<u>3,318,640</u>	<u>3,318,640</u>	<u>3,318,640</u>	-
Fund balance at end of year	<u>\$ 3,318,640</u>	<u>\$ 1,705,996</u>	<u>\$ 2,069,344</u>	<u>\$ 363,348</u>

The accompanying notes are an integral part of this financial statement.

CITY OF MINDEN, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual

Special Revenue Fund - Sales Tax Fund Sewerage System

For the Year Ended September 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Budget	GAAP	Final Budget
			Basis	Positive
				(Negative)
Revenues:				
Sales taxes	\$ 2,480,000	\$ 2,655,000	\$ 2,725,494	\$ 70,494
Interest	20,000	20,000	1,959	(18,041)
Total revenues	<u>2,500,000</u>	<u>2,675,000</u>	<u>2,727,453</u>	<u>52,453</u>
Expenditures:				
General government -				
Collection expense	42,480	42,480	46,886	(4,406)
Miscellaneous	125	125	-	125
Total expenditures	<u>42,605</u>	<u>42,605</u>	<u>46,886</u>	<u>(4,281)</u>
Excess of revenues over expenditures	<u>2,457,395</u>	<u>2,632,395</u>	<u>2,680,567</u>	<u>48,172</u>
Other financing (uses):				
Operating transfers out -				
Utility Fund	(952,157)	(1,140,157)	(1,125,157)	-
General Fund	(1,138,283)	(1,313,283)	(1,313,283)	-
Sinking Fund, Series 2001	(366,955)	(366,955)	(366,955)	-
Total other financing (uses)	<u>(2,457,395)</u>	<u>(2,820,395)</u>	<u>(2,805,395)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	-	(188,000)	(124,828)	48,172
Fund balance at beginning of year	<u>2,529,708</u>	<u>2,529,708</u>	<u>2,529,708</u>	-
Fund balance at end of year	<u>\$ 2,529,708</u>	<u>\$ 2,341,708</u>	<u>\$ 2,404,880</u>	<u>\$ 48,172</u>

The accompanying notes are an integral part of this financial statement.

SCHEDULE 2

CITY OF MINDEN, LOUISIANA
CONDITION RATING OF THE CITY'S STREET SYSTEM
For the year ended September 30, 2010

	<u>2008</u>	<u>2009</u>	<u>2010</u>
# of city streets	327	327	327
Percentage of streets in good or better condition	80.1%	81.7%	81.7%
Percentage of streets in substandard condition	19.9%	18.3%	18.3%

Comparison of needed to actual maintenance/preservation

Needed as of 1/1 (date of assessment)	\$ 3,166,701	\$ 2,579,060	\$ 2,579,060
Actual cost of improvements incurred as of 9/30	\$ 764,448	\$ 188,083	\$ 161,674

The condition of road pavement is measured by the City using a pavement management system which rates the condition of the pavement surfaces using a 1-5 rating scale assessing the following distress factors:

- Base failure
- Surface wear
- Effects of outside construction contractors which may cause damage to streets during various projects
- Presence of potholes

The system is based on a condition rating system from 1 to 5. The rating scale used to classify roads in good or better condition (4-5), fair condition (3), and substandard condition (1-2). Roads which are rated 1 are considered highest priority for improvements. It is the City's policy to maintain at least 75% of its street system at a good or better condition level.

The city's condition assessment is determined each year as the pavement conditions are monitored throughout the year.

SCHEDULE 3

CITY OF MINDEN, LOUISIANA
Schedule of Funding Progress for Other Post Employment Benefit Plan
September 30, 2010

	(a)	(b)	(b-a)	(a/b)	(c)	(b-a/c)
Actuarial	Actuarial	Actuarial				UAAL as a
Valuation	Value of	Accrued	Unfunded	Fund	Covered	Percentage of
<u>Date</u>	<u>Assets</u>	<u>Liability</u>	<u>AAL (UAAL)</u>	<u>Ratio</u>	<u>Payroll</u>	<u>Covered</u>
		<u>(AAL)</u>				<u>Payroll</u>
10/1/2008	\$ -	\$14,668,000	\$14,668,000	0%	\$5,692,941	257.65%

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Combining Statements – Nonmajor governmental funds
- Schedule of Compensation Paid Board Members

CITY OF MINDEN, LOUISIANA
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2010

	Special Revenue			Capital Improvements		Sales Tax Bonds, Series 2001		Total Nonmajor Governmental Funds
	Main Street Program Fund	Drug Task Force Fund	Refunding Bonds Series, 2002	Street Fund	Sinking Fund			
ASSETS								
Cash and cash equivalents	\$ 22,872	\$ 5,065	\$ 1,503	\$ 923,678	\$ 200,479	\$	\$ 1,153,597	
Investments	-	-	538,434	-	-	-	538,434	
Total assets	\$ 22,872	\$ 5,065	\$ 539,937	\$ 923,678	\$ 200,479	\$	\$ 1,692,031	
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts, salaries, and other payables	\$ 221	\$ -	\$ -	\$ -	\$ -	\$	\$ 221	
Total liabilities	221	-	-	-	-	-	221	
Fund balances:								
Reserved for:								
Debt service	-	-	-	-	200,479	200,479	200,479	
Unreserved, undesignated	22,651	5,065	539,937	923,678	-	-	1,491,331	
Total fund balances	22,651	5,065	539,937	923,678	200,479	1,691,810		
Total liabilities and fund balances	\$ 22,872	\$ 5,065	\$ 539,937	\$ 923,678	\$ 200,479	\$	\$ 1,692,031	

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended September 30, 2010

	Special Revenue			Capital Improvements	Sales Tax	Total
	Main Street Program Fund	Drug Task Force Fund	Refunding Bonds Series, 2002	Street Fund	Bonds, Series 2001 Sinking Fund	Nonmajor Governmental Funds
REVENUES						
Ad valorem taxes	\$ 26,782	\$ -	\$ -	\$ -	\$ -	\$ 26,782
Intergovernmental - State/Parish	19,242	-	-	20,000	-	39,242
Fines and forfeitures	-	14,960	-	-	-	14,960
Investment earnings	-	-	11,841	515	150	12,506
Other revenues	11,422	418	-	-	-	11,840
Total revenues	57,446	15,378	11,841	20,515	150	105,330
EXPENDITURES						
General government	79,717	-	-	59,799	-	139,516
Public safety	-	16,576	-	-	-	16,576
Debt service	-	-	-	-	359,430	359,430
Total expenditures	79,717	16,576	-	59,799	359,430	515,522
Excess (deficiency) of revenues over (under) expenditures	(22,271)	(1,198)	11,841	(39,284)	(359,280)	(410,192)
OTHER FINANCING SOURCES						
Operating transfers in	35,000	-	-	620,000	366,955	1,021,955
Total other financing sources	35,000	-	-	620,000	366,955	1,021,955
Net change in fund balance	12,729	(1,198)	11,841	580,716	7,675	611,763
Fund balances -- beginning	9,922	6,263	528,096	342,962	192,804	1,080,047
Fund balances -- ending	\$ 22,651	\$ 5,065	\$ 539,937	\$ 923,678	\$ 200,479	\$ 1,691,810

The accompanying notes are an integral part of this statement.

CITY OF MINDEN, LOUISIANA**Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual****Nonmajor Governmental Fund - Main Street Program Fund****Year Ended September 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Advalorem tax	\$ 25,000	\$ 25,000	\$ 26,782	\$ 1,782
Other revenues	30,500	30,500	30,664	164
Total revenues	55,500	55,500	57,446	1,946
Expenditures				
General government	89,500	90,950	79,717	11,233
Total expenditures	89,500	90,950	79,717	11,233
Excess (deficiency) of revenues over (under) expenditures	(34,000)	(35,450)	(22,271)	13,179
Other Financing Sources				
Transfers in	34,000	35,000	35,000	-
Net change in fund balance	-	(450)	12,729	13,179
Fund balance at beginning of year	9,922	9,922	9,922	-
Fund balance at end of year	\$ 9,922	\$ 9,472	\$ 22,651	\$ 13,179

See accompanying note to budgetary comparison schedules.

CITY OF MINDEN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual

Nonmajor Governmental Fund - Sales Tax Bonds, Series 2001

Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Interest	\$ 200	\$ 200	\$ 150	\$ (50)
Total revenues	<u>200</u>	<u>200</u>	<u>150</u>	<u>(50)</u>
Expenditures				
Debt service	<u>359,405</u>	<u>359,405</u>	<u>359,430</u>	<u>(25)</u>
Total expenditures	<u>359,405</u>	<u>359,405</u>	<u>359,430</u>	<u>(25)</u>
Excess (deficiency) of revenues over (under) expenditures	(359,205)	(359,205)	(359,280)	(75)
Other financing sources				
Transfers in	<u>366,955</u>	<u>366,955</u>	<u>366,955</u>	<u>-</u>
Net change in fund balance	7,750	7,750	7,675	(75)
Fund balance at beginning of year	<u>192,804</u>	<u>192,804</u>	<u>192,804</u>	<u>-</u>
Fund balance at end of year	<u>\$ 200,554</u>	<u>\$ 200,554</u>	<u>\$ 200,479</u>	<u>\$ (75)</u>

See accompanying note to budgetary comparison schedules.

CITY OF MINDEN, LOUISIANA

Schedule of Compensation Paid Board Members
For the Year Ended September 30, 2010

The City of Minden, Louisiana paid the following amounts for compensation to the mayor and members of the City Council as of September 30, 2010:

	<u>Compensation</u>	<u>Car Allowance</u>
Mayor -		
Bill Robertson	\$ 61,950	\$ -
City Council		
Rodney D. Seamster	5,400	600
Theron Winzer	5,400	600
Fayrine A. Kennon-Gilbert	10,800	1,200
Magaline Quarles	10,800	1,200
Tommy Davis	10,800	1,200
Benny Gray	<u>10,800</u>	<u>1,200</u>
	<u>\$ 115,950</u>	<u>\$ 6,000</u>

The accompanying notes are an integral part of this statement.

OTHER REPORTS

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SOCIETY OF LOUISIANA
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Bill Robertson, Mayor,
and the Members of the Board of Aldermen
City of Minden, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minden, Louisiana, as of and for the year ended September 30, 2010, which collectively comprise the City of Minden, Louisiana's basic financial statements and have issued our report thereon dated March 2, 2011. Our report includes a reference to other auditors. We issued an adverse opinion on the aggregate discretely presented component units and an unqualified opinion on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the City of Minden, Employee Benefit Plan & Trust, as described in our report on the City of Minden, Louisiana's financial statements. The financial statements of the City of Minden, Employee Benefit Plan & Trust were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Minden, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material

weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies 2010-1 and 2010-2 described in the accompanying Schedule of Findings and Questioned Costs, to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Minden, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to management of the City of Minden, Louisiana in a separate letter dated March 2, 2011.

The City of Minden, Louisiana's response to the findings identified in our audit is included in the accompanying "Management's Corrective Action Plan." We did not audit the City of Minden, Louisiana's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the organization, federal awarding agencies and pass-through entities and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised State 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Jameson, Wise & Martin

Minden, Louisiana

March 2, 2011

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL AFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Bill Robertson, Mayor,
and the Members of the Board of Aldermen
City of Minden, Louisiana

Compliance

We have audited the City of Minden, Louisiana's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Minden, Louisiana's major federal programs for the year ended September 30, 2010. City of Minden, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on City of Minden, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City of Minden, Louisiana, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

The management of the City of Minden, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Minden, Louisiana's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Minden, Louisiana's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the organization, federal awarding agencies and pass-through entities and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised State 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Jameson, Wise & Martin

Minden, Louisiana

March 2, 2011

CITY OF MINDEN, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2010

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>US Department of Homeland Security</u>			
Passed through Governor's Office of Homeland Security and Emergency Preparedness:			
Law Enforcement Terrorism Prevention Program FY 06	97.067	2006-GE-T6-0069	\$ <u>12,104</u>
<u>US Department of Transportation</u>			
Federal Aviation Administration:			
Airport Improvement Program			
Phase II	20.106	N/A	40,090
Phase III	20.106	N/A	805,744
Passed through the Louisiana Department of Transportation:			
FHWA – Safety Transfer funds	20.205	N/A	5,743
FHWA – Enhancement Program	20.205	001-05-0017, 027-04-0022, 744-60-0011	<u>9,201</u>
Total US Department of Transportation			860,778
<u>Federal Emergency Management Agency (FEMA)</u>			
Road and Culvert Repair			
Gladney	97.036	N/A	10,775
Mark Drive	97.036	N/A	<u>79,628</u>
Total Federal Emergency Management Agency (FEMA)			90,403
<u>Bureau of Justice Assistance</u>			
Criminal Patrol Grants	16.738	N/A	14,400
ARRA - Criminal Justice Technology Updates	16.803	N/A	<u>15,929</u>
Total Bureau of Justice Assistance			30,329
Total expenditures of federal awards			\$ <u>993,614</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF MINDEN, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2010

NOTE A – GENERAL

The accompanying schedule of federal expenditures of federal awards presents the activity of all federal award programs of the City of Minden, Louisiana. The City of Minden, Louisiana (the "City") reporting entity is defined in Note 1 to the City's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE B – BASIS OF PRESENTATION

The accompanying schedule of federal expenditures of federal awards includes the federal grant activity of the City of Minden, Louisiana and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented may differ from amounts present in, or used in the preparation of, the basic financial statements.

CITY OF MINDEN, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2010

Part I – Summary of the Auditors’ Results

Financial Statements

- i. We issued an adverse opinion on the aggregate discretely presented component units and an unqualified opinion on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.
- ii. We identified two deficiencies in internal control over financial reporting that we consider reportable conditions that are required to be reported in accordance with *Government Auditing Standards*.
- iii. There were no instances of noncompliance that were considered material, as defined by *Government Auditing Standards*, to the basic financial statements.

Federal Awards

- iv. The audit disclosed no significant deficiencies required to be disclosed by OMB Circular A-133.
- v. We issued an unqualified opinion on the City's compliance with requirements applicable to each of its major federal programs.
- vi. The audit disclosed no audit findings which the auditor is required to report under OMB Circular A-133, Section .510(a).
- vii. The major federal programs were:

CFDA #20.106 Federal Aviation Administration – Airport Improvement Program
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular A-133, Section .520(b) was \$300,000.
- ix. The City was not required to perform single audits in the previous two years; therefore, the City of Minden does not qualify as a low-risk auditee under OMB Circular A-133, Section .530.

CITY OF MINDEN, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2010

Findings

2010-1 Reconciliation of Utility Fund Billings

Criteria: For proper internal controls over financial reporting of receivables for utility fund billings, the accounts receivable balance in the general ledger should be reconciled to the detailed accounts receivable customer listing.

Condition: The accounts receivable balance in the general ledger is not reconciled monthly with the detailed accounts receivable customer listing.

Cause of condition: The City's internal controls are not designed to ensure that the accounts receivable balance in the general ledger agrees with the detailed accounts receivable customer listing.

Effect of condition: The accounts receivable balance in the general ledger did not agree with the detailed accounts receivable customer listing. There was a total of \$59,368, in posting errors to the general ledger, which were not detected on a timely basis. At year end, City had an irreconcilable variance of \$26,050 between the accounts receivable in the general ledger and the subsidiary customer accounts receivable listing generated by the computerized billing system.

Recommendation: We recommend that the detail listing of accounts receivable be reconciled to the general ledger at the end of each month. This practice will serve as a check on the accuracy of the record-keeping process and maintains the accounts receivable balance on a more timely and accurate basis. Any differences should be investigated and resolved as soon as possible.

2010-2 Collections on delinquent utility billings

Criteria: Article VII, Section 14(A) of the Louisiana Constitution of 1974, prohibits the City from continuing to provide utility services after the cut-off date and not actively trying to collect delinquent utility account balances.

Condition: In our current audit, we selected a sample of 12 inactive accounts with delinquent balances. We found the following:

- 5 of the 12 inactive accounts had delinquent balances totaling \$1,039. These same 5 individual and business accounts were found to have an active utility accounts with the City although delinquent balances were due.
- 8 of the 12 inactive accounts with delinquent balances of \$9,398 had not been turned over to a

CITY OF MINDEN, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2010

collection agency according to the City's policy.

- Upon conversion of the City's utility billing system to a new computerized system in June 2010, the City discontinued the practice of submitting the inactive accounts with delinquent balances to a collection agency.

Cause of condition: The City's process for setting up a utility customer with an active account does not ensure that any pre-existing delinquent accounts for that customer are collected beforehand. Also, the City has no written policy to formally address the legal standard for collecting delinquent balances, which may cause confusion among the utility department clerks. In addition, the City discontinued action to attempt to collect delinquent account balances. The City lacks procedures to review past due accounts and amounts owed from closed accounts.

Effect of condition: We found individuals and businesses allowed to setup active utility accounts, while having to pay off delinquent balances on their respective inactive accounts. Total delinquent accounts increased from \$78,233 on June 14, 2010 to \$206,658 on September 28, 2010. As of February 2, 2011, the delinquent accounts report showed a balance of \$435,417.

Recommendation: We recommend that the following formal collection procedures be established:

- The continuous review of accounts receivable for old and slow paying accounts.
- A formal periodic review of accounts receivable aged trial balance.
- The implementation of formalized procedures for contacting delinquent accounts for payment, such as sending letters to slow-paying customers.
- The increased use of collection agencies to aid in collecting delinquent accounts.

We recommend that the City adopt a policy which will address uncollectible accounts. As truly uncollectible accounts are identified, they should be written off and removed from the books. This process, however, should not occur until all efforts at collection are exhausted and the account is no longer worth pursuit. The City policy should require outside approval by the Council before accounts are written off as uncollectible.

CITY OF MINDEN, LOUISIANA
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2010

2009-1 Public bid law requirements

Origination date: September 30, 2008

Finding: Louisiana Revised Statutes 38:2211-38:2226 governs process for letting contracts or obtaining quotes when entering into contract for the purchases of material and supplies or contracts for public works projects.

Comment: We noted the four separate instances where the City purchased materials and supplies whose cost exceeded \$10,000, and were required to obtain not less than three quotations. The City was unable to provide evidence that quotes were obtained before the purchases were made.

Recommendation: We recommend that the City determine controls which will require the appropriate documentation to be available to ensure that items comply with the requirements of the public bid law.

Corrective Action Taken: Unresolved.

MANAGEMENT LETTER ITEM

JAMIESON, WISE & MARTIN

A PROFESSIONAL ACCOUNTING CORPORATION

801 MAIN STREET P.O. BOX 897
MINDEN, LOUISIANA 71058-0897
(318) 377-3171
FAX (318) 377-3177

MICHAEL W. WISE, C.P.A.
CARLOS E. MARTIN, C.P.A.
KRISTINE H. COLE C.P.A.

JENNIFER C. SMITH, C.P.A.
KRISTIE K. MARTIN, C.P.A.

WM. PEARCE JAMIESON, C.P.A. (1991)

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT LETTER

The Honorable Bill Robertson, Mayor,
and the Members of the Board of Aldermen
City of Minden, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minden, Louisiana, as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents and have issued our report thereon dated March 2, 2011.

In connection with our audit, we made certain observations relative to the records maintained, the accounting procedures in effect, and the overall administration of the financial affairs of the City. As a supplement to the reports, we submit for your consideration, the following observations, which did not meet the criteria of being material to the basic financial statements.

Compliance items considered non-material to basic financial statements:

2010-1 Compliance with bid law requirements

According to RS 38:2212.1 A (1)(a), purchases of ten thousand dollars or more, but less than thirty thousand dollars, shall be made by obtaining not less than three telephone or facsimile quotations. A written confirmation of the accepted offer shall be obtained and made a part of the purchase file. If quotations lower than the accepted quotation are received, the reasons for their rejection shall be recorded in the purchase file.

Comment: We noted the four separate instances where the City purchased materials and supplies whose cost exceeded \$10,000, and were required to obtain not less than three quotations. The City was unable to provide evidence that quotes were obtained before the purchases were made.

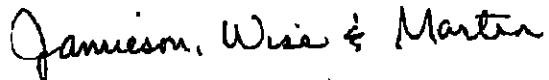
Recommendation: We recommend that the City determine controls which will require the appropriate documentation to be available to ensure that items comply with the requirements of the public bid law.

Management's response: See attached letter.

Our audit procedures are designed primarily to enable use to form opinions on the basic financial statements and, therefore, may not reveal all weaknesses in policies and procedures that may exist.

Should you have any questions concerning the contents of this letter or if we can be of any additional service, please contact us at your convenience.

Very truly yours,

A handwritten signature in cursive script that reads "Jamieson, Wise & Martin".

Jamieson, Wise & Martin

March 2, 2011



Bill Robertson, Mayor
www.mindenusa.com

520 Broadway • P. O. Box 580 • Minden, Louisiana 71058 • Telephone (318) 377-2144 • Fax (318) 371-4200

March 29, 2010

Louisiana Legislative Auditor
1600 North Third Street
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Sir:

In the Management Letter for the Fiscal Year ended September 30, 2010, I offer the following comments:

2010-1 Reconciliation of Utility Fund Billings

We have a new computer system and program. We are preparing reports to address the balancing of the general ledger to the detailed accounts receivable customer listing. The reports will be generated monthly and any discrepancies can be investigated.

2010-2 Collections on delinquent utility billings

Again, the City of Minden has a new computer system and program. We are working on a program that will produce an aged trial balance. There is also a program being written to provide a list of delinquent customers so that they can be contacted for past due bills and turned over to the collection agency if that fails.

2010-1 Compliance with bid law requirements

We are aware of RS 38:2212.1 A(1)(a), purchases of ten thousand dollars or more, but less than thirty thousand dollars, shall be made by obtaining not less than three telephone or facsimile quotations. A written confirmation of the accepted offer shall be obtained and made a part of the purchase file.

Ava H. Morgan
City Clerk - Treasurer

George W. Rolfe, Jr.
Public Works Director

Charles Minifield
City Attorney

Joe Cornelius, Sr.
Councilman - District A

Fayrine A. Kennon-Gilbert
Councilwoman - District B

Magaline Quarles
Councilwoman - District C

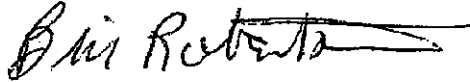
Tommy Davis
Councilman - District D

Benny Gray
Councilman - District E



The Clerk has sent a memo to every department head stating that between \$10,000 and \$30,000, three (3) quotes are required by law and a copy of the three quotes needs to be attached to the requisition before it can be approved. The Clerk also attached copies of RS 38:2212.1 and RS 38:2212 as well as copies of the Legislative Auditor's website dealing with Public Bid Laws.

Respectfully Submitted,



Bill Robertson
Mayor, City of Minden

Ava H. Morgan
City Clerk - Treasurer

George W. Rolfe, Jr.
Public Works Director

Charles Minifield
City Attorney

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